

LAW OFFICES  
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A REGISTERED LIMITED LIABILITY PARTNERSHIP

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September 19, 2003

**VIA HAND-DELIVERY**

The Honorable Pat Miller  
Director  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

Re: Application of Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc. for an Adjustment of its Rates and Charges, the Approval of Revised Tariffs and the Approval of Revised Service Regulations  
Docket No. 03-00313

Dear Director Miller:

Attached hereto is the response of Nashville Gas Company to the Tennessee Regulatory Authority's third Data Request on the Stipulation filed in this proceeding on September 9, 2003 by Nashville Gas Company and the Consumer Advocate. This response has been provided to and reviewed by the Consumer Advocate and it is my understanding that they are in agreement with the substance of the response.

If the Authority has any further questions about the Stipulation or the responses attached hereto, please let us know.

Sincerely,

  
James H. Jeffries IV

JHJ/srl

**Attachments**

c: Mr. Timothy Phillips (via facsimile)  
Mr. George Godwin (via facsimile)  
Mr. R. Dale Grimes (via email)

**NASHVILLE GAS COMPANY  
A DIVISION OF PIEDMONT NATURAL GAS COMPANY, INC.  
TENNESSEE REGULATORY AUTHORITY  
DOCKET NO. 03-00313**

**RESPONSES TO TRA THIRD DATA REQUESTS:**

1. In the Company's response to Item 5 of the September 11, 2003 data request, the company provided two financial schedules. The first schedule consists of two pages, and is titled "Pro Forma Margin Calculations". The second schedule is titled "Sales and Transportation Rates and Revenues".

On the "Sales and Transportation Rates and Revenues" schedule, the Company uses sales volumes of 10,586,231 Dth and 6,834,650 Dth to respectively calculate the sales margin for its Residential and Commercial customer classes.<sup>1</sup>

On the "Pro Forma Margin Calculation" schedule, the Company shows the development of the Residential and Commercial sales volumes of 10,586,375 Dth<sup>2</sup> and 6,811,344 Dth<sup>3</sup> respectively from adjustments for normalization and growth. However, the normalization and growth adjustments for the Residential and Commercial customer classes as shown on the "Pro Forma Margin Calculation" schedule differ from these same adjustments that were included on Exhibit DRC-1 in the Company's petition.

Please provide a detailed explanation of the difference in sales volumes discussed above and supply appropriate supporting documentation.

**RESPONSE:** The differences are caused by the fact that the two schedules were prepared with differing assumptions as to the weather normalization adjustments proposed by the TRA Staff. For settlement purposes, the adjustment proposed by the TRA staff was accepted by both the CAPD and NGC. The appropriate adjustment was made to the Pro Forma revenues and revenue requirements. The price-out of the difference in revenues under the present and proposed rates is not materially different under the differing assumptions because most of the rate increase is assigned to bills rather than volumes. However, for illustrative purposes, we have adjusted all schedules to use the same volumes.

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<sup>1</sup> The column heading for these sales volumes refers to footnote "A/" which is not included on the schedule.

<sup>2</sup> No explanation is given for the difference in the Residential sales volumes between the two schedules.

<sup>3</sup> No explanation is given for the difference in the Commercial Sales Volumes between the two schedules.

Nashville Gas Company  
Tennessee Regulatory Authority  
September 18, 2003

Information Request # 1

Reconciliation of Attrition Period Residential & Commercial Throughput

	<u>Residential</u>	<u>Commercial</u>
(1) As filed 4/28/2003	10,763,038	6,900,702
	(176,663)	(89,358)
(2) Adjusted 8/30/2003	10,586,375	6,811,344
	-	23,308
(3) Adjusted 9/8/2003	10,586,375	6,834,652

Notes:

A summary throughput schedule for each of the steps above is included in this excel file.

- (1) The "as filed" throughput was supported in schedules filed as part of the Minimum Filing Requirements, Item 25, pages 2 - 16.
- (2) The adjusted throughput at 8/30/2003 is the result of the correction of degree day data and has been discussed and supported with schedules supplied to the TRA Staff.
- (3) The adjusted throughput at 9/8/2003 is the result of the correction to increase Commercial by 23,308 DT's for incorrect meter reads addressed in the Consumer Advocates audit. The correction (before normalization) is detailed on a schedule included in this excel file. This \$80,651 adjustment is included in the Rebuttal Testimony and Exhibits of Company witness Bill Morris. It was also addressed in the response to Item 36 of the CAPD data request.

**MARGIN**

**NASHVILLE GAS DIVISION  
PRO FORMA MARGIN CALCULATIONS  
AS FILED THROUGHPUT**

Page 1 of 2

REV-1

(dekatherms)	12 Mon 12/31/02 Test Period Actual (1)	Normalized Adjustment (2)	Normalized (3)	12 Mon 10/31/04 Growth Adj Thru Attrition Period (4)	Proforma (5)	4/1/2003 Billing Rates (6)	Proforma Margin (7)
<b>Rate Schedule</b>							
<b>Residential 01</b>							
Bills	1,560,177						
Winter	8,093,203	(56,390)	8,036,812	66,911	1,627,088	\$8.00	\$13,016,704
Summer	2,266,588	13,500	2,280,088	344,673	8,381,486	\$2.9884	\$25,047,231
Discounted A/C	3,527		3,527	97,937	2,378,025	\$2.6255	\$6,243,505
					3,527	\$2.2255	\$7,850
<b>Total Residential</b>	<b>10,363,318</b>	<b>(42,890)</b>	<b>10,320,428</b>	<b>442,810</b>	<b>10,763,038</b>		<b>\$ 44,315,290</b>
<b>Commercial 02</b>							
Bills	195,883						
Winter	4,813,742	(54,769)	4,758,973	4,189	200,072	\$22.00	\$4,401,584
Summer	1,962,334	34,911	1,997,245	101,772	4,860,744	\$3.4839	\$16,934,348
				42,712	2,039,957	\$3.1233	\$6,371,398
<b>Total Commercial</b>	<b>6,776,076</b>	<b>(19,858)</b>	<b>6,756,218</b>	<b>144,483</b>	<b>6,900,701</b>		<b>\$ 27,707,330</b>
<b>Firm Industrial Sales</b>							
Bills	701						
Demand dekatherms	81,395			(11)	690	\$0.00	\$0
First 1,500	570,401	0	570,401	(195)	81,200	\$8.00000	\$649,601
Next 2,500	136,470	0	136,470	3,229	573,630	\$0.8918	\$511,564
Next 5,000	2,401	0	2,401	(394)	136,076	\$0.8195	\$111,514
Over 9,000	0	0	0	0	2,401	\$0.5904	\$1,418
				0	0	\$0.2530	\$0
<b>Total Firm Ind Sales</b>	<b>709,273</b>	<b>0</b>	<b>709,273</b>	<b>2,835</b>	<b>712,108</b>		<b>\$ 1,274,097</b>
<b>Interruptible Industrial Sales</b>							
Bills	69						
First 1,500	67,557	0	67,557	(32)	37	\$300.00	\$11,100
Next 2,500	61,445	0	61,445	(37,850)	29,707	\$0.8034	\$23,867
Next 5,000	49,225	0	49,225	(22,000)	39,445	\$0.7382	\$29,118
Over 9,000	3,337	0	3,337	(6,000)	43,225	\$0.5319	\$22,991
				0	3,337	\$0.2280	\$761
<b>Total Interruptible Ind Sales</b>	<b>181,563</b>	<b>0</b>	<b>181,563</b>	<b>(65,850)</b>	<b>115,713</b>		<b>\$ 87,837</b>

624,496

76,737

**MARGIN**

**NASHVILLE GAS DIVISION  
PRO FORMA MARGIN CALCULATIONS**

Page 2 of 2

REV-2

(dekatherms)	12 Mon 12/31/02 Test Period Actual (1)	Normalized Adjustment (2)	Normalized (3)	12 Mon 10/31/04 Growth Adj Thru Attrition Period (4)	Proforma (5)	4/1/2003 Billing Rates (6)	Proforma Margin (7)	
<b>Firm Industrial Transportation</b>								
Bills	1,120							
Demand dekatherms	164,384			(8)	1,112	\$0.00	\$0	
First 1,500	1,177,166	0	1,177,166	(159)	164,225	\$8.00000	\$1,313,800	
Next 2,500	597,032	0	597,032	(1,290)	1,175,876	\$0.8918	\$1,048,647	
Next 5,000	210,348	0	210,348	(7,000)	590,032	\$0.8195	\$483,531	
Over 9,000	52,943	0	52,943	0	210,348	\$0.5904	\$124,190	
Total Firm Transp	<u>2,037,490</u>	0	<u>2,037,490</u>	0	<u>52,943</u>	\$0.2530	\$13,395	
				(8,290)	<u>2,029,200</u>		<u>\$ 2,983,563</u>	1,669,763
<b>Interruptible Industrial Transportation</b>								
Bills	641							
First 1,500	857,920	0	857,920	10	651	\$300.00	\$195,300	
Next 2,500	1,032,252	0	1,032,252	770	858,690	\$0.8034	\$689,872	
Next 5,000	1,176,317	0	1,176,317	(6,500)	1,025,752	\$0.7382	\$757,210	
Over 9,000	4,460,371	0	4,460,371	(31,785)	1,144,532	\$0.5319	\$608,776	
Total Int Transp	<u>7,526,859</u>	0	<u>7,526,859</u>	(780,209)	<u>3,680,162</u>	\$0.2280	\$839,077	
				(817,724)	<u>6,709,135</u>		<u>\$ 3,090,235</u>	2,894,935
<b>Smyrna</b>								
Demand	36			0	36			
Commodity	15,600	0	15,600	0	15,600	\$8.0000	\$124,800	
	49,333	0	49,333	0	49,333	\$0.7000	\$34,533	
							<u>\$ 159,333</u>	
<b>Special Contracts</b>	2,852,699	0	2,852,699	0	2,852,699		<u>\$ 752,415</u>	
Annual Total - DT's	30,496,610	(62,748)	30,433,862	(301,936)	30,131,927			
Annual Total - Bills	1,758,627			71,059	1,829,686			
<u>Annual Total - Margin</u>							<u>\$ 80,370,100</u>	

# MARGIN

## NASHVILLE GAS DIVISION PRO FORMA MARGIN CALCULATIONS 8-30-2003 ADJUSTED THROUGHPUT

Page 1 of 2

(dekatherms)	12 Mon 12/31/02 Test Period Actual (1)	Normalized Adjustment (2)	Normalized (3)	12 Mon 10/31/04 Growth Adj Thru Attrition Period (4)	Proforma (5)	4/1/2003 Billing Rates (6)	Proforma Margin (7)
<b>Residential 01</b>							
Bills	1,560,177			66,911	1,627,088		
Winter	8,093,203	(213,034)	7,880,168	337,955	8,218,123	\$8.00	\$13,016,704
Summer	2,266,588	747	2,267,335	97,390	2,364,725	\$2.9884	\$24,559,039
Discounted A/C	3,527		3,527		3,527	\$2.6255	\$6,208,584
						\$2.2255	\$7,850
<b>Total Residential</b>	<b>10,363,318</b>	<b>(212,288)</b>	<b>10,151,030</b>	<b>435,345</b>	<b>10,586,375</b>		<b>\$ 43,792,177</b>
<b>Commercial 02</b>							
Bills	195,883			4,189	200,072		
Winter	4,813,742	(136,269)	4,677,473	100,029	4,777,501	\$22.00	\$4,401,584
Summer	1,962,334	28,925	1,991,259	42,584	2,033,843	\$3.4839	\$16,644,337
						\$3.1233	\$6,352,300
<b>Total Commercial</b>	<b>6,776,076</b>	<b>(107,344)</b>	<b>6,668,732</b>	<b>142,612</b>	<b>6,811,344</b>		<b>\$ 27,398,221</b>
<b>Firm Industrial Sales</b>							
Bills	701			(11)	690		
Demand dekatherms	81,395			(195)	81,200	\$0.00	\$0
First 1,500	570,401	0	570,401	3,229	573,630	\$8.00000	\$649,601
Next 2,500	136,470	0	136,470	(394)	136,076	\$0.8918	\$511,564
Next 5,000	2,401	0	2,401	0	2,401	\$0.8195	\$111,514
Over 9,000	0	0	0	0	0	\$0.5904	\$1,418
						\$0.2530	\$0
<b>Total Firm Ind Sales</b>	<b>709,273</b>	<b>0</b>	<b>709,273</b>	<b>2,835</b>	<b>712,108</b>		<b>\$ 1,274,097</b>
<b>Interruptible Industrial Sales</b>							
Bills	69			(32)	37		
First 1,500	67,557	0	67,557	(37,850)	29,707	\$300.00	\$11,100
Next 2,500	61,445	0	61,445	(22,000)	39,445	\$0.8034	\$23,867
Next 5,000	49,225	0	49,225	(6,000)	43,225	\$0.7382	\$29,118
Over 9,000	3,337	0	3,337	0	3,337	\$0.5319	\$22,991
						\$0.2280	\$761
<b>Total Interruptible Ind Sales</b>	<b>181,563</b>	<b>0</b>	<b>181,563</b>	<b>(65,850)</b>	<b>115,713</b>		<b>\$ 87,837</b>

# MARGIN

## NASHVILLE GAS DIVISION PRO FORMA MARGIN CALCULATIONS

Page 2 of 2

(dekatherms) Rate Schedule	12 Mon 12/31/02 Test Period Actual (1)	Normalized Adjustment (2)	Normalized (3)	12 Mon 10/31/04 Growth Adj Thru Attrition Period (4)	Proforma (5)	4/1/2003 Billing Rates (6)	Proforma Margin (7)
<b>Firm Industrial Transportation</b>							
Bills	1,120						
Demand dekatherms	164,384			(8)	1,112	\$0.00	\$0
First 1,500	1,177,166	0	1,177,166	(159)	164,225	\$8.00000	\$1,313,800
Next 2,500	597,032	0	597,032	(1,290)	1,175,876	\$0.8918	\$1,048,647
Next 5,000	210,348	0	210,348	(7,000)	590,032	\$0.8195	\$483,531
Over 9,000	52,943	0	52,943	0	210,348	\$0.5904	\$124,190
Total Firm Transp	<u>2,037,490</u>	0	<u>2,037,490</u>	(8,290)	<u>2,029,200</u>	\$0.2530	<u>\$13,395</u>
							\$ 2,983,563
<b>Interruptible Industrial Transportation</b>							
Bills	641						
First 1,500	857,920	0	857,920	10	651	\$300.00	\$195,300
Next 2,500	1,032,252	0	1,032,252	770	858,690	\$0.8034	\$689,872
Next 5,000	1,176,317	0	1,176,317	(6,500)	1,025,752	\$0.7382	\$757,210
Over 9,000	4,460,371	0	4,460,371	(31,785)	1,144,532	\$0.5319	\$608,776
Total Int Transp	<u>7,526,859</u>	0	<u>7,526,859</u>	(780,209)	<u>3,680,162</u>	\$0.2280	<u>\$839,077</u>
				(817,724)	<u>6,709,135</u>		\$ 3,090,235
<b>Smyrna</b>							
Demand	36						
Commodity	15,600	0	15,600	0	36		
	49,333	0	49,333	0	15,600	\$8.0000	\$124,800
					49,333	\$0.7000	\$34,533
<b>Special Contracts</b>	2,852,699	0	2,852,699	0	2,852,699		\$ 159,333
							\$ 752,415
<b>Annual Total - DT's</b>	30,496,610	(319,632)	30,176,978	(311,072)	29,865,906		
<b>Annual Total - Bills</b>	1,758,627			71,059	1,829,686		
<b>Annual Total - Margin</b>							\$ 79,537,878
							\$80,370,100
							(\$832,222)

**MARGIN**

**NASHVILLE GAS DIVISION  
PRO FORMA MARGIN CALCULATIONS  
9-8-2003 ADJUSTED THROUGHPUT**

Page 1 of 2

(dekatherms) Rate Schedule	12 Mon 12/31/02 Test Period Actual (1)	Normalized Adjustment (2)	Normalized (3)	12 Mon 10/31/04 Growth Adj Thru Attrition Period (4)	Proforma (5)	4/1/2003 Billing Rates (6)	Proforma Margin (7)
<b>Residential 01</b>							
Bills	1,560,177						
Winter	8,093,203	(213,034)	7,880,168	66,911	1,627,088	\$8.00	\$13,016,704
Summer	2,266,588	747	2,267,335	337,955	8,218,123	\$2.9884	\$24,559,039
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					3,527	\$2.2255	\$7,850
<b>Total Residential</b>	<b>10,363,318</b>	<b>(212,288)</b>	<b>10,151,030</b>	<b>435,345</b>	<b>10,586,375</b>		<b>\$ 43,792,177</b>
<b>Commercial 02</b>							
Bills	195,883						
Winter	4,831,095	(135,915)	4,695,179	4,189	200,072	\$22.00	\$4,401,584
Summer	1,968,323	28,050	1,996,373	100,407	4,795,587	\$3.4839	\$16,707,344
<b>Total Commercial</b>	<b>6,799,418</b>	<b>(107,866)</b>	<b>6,691,552</b>	<b>143,100</b>	<b>6,834,652</b>	<b>\$3.1233</b>	<b>\$6,368,614</b>
							<b>\$ 27,477,542</b>
<b>Firm Industrial Sales</b>							
Bills	701						
Demand dekatherms	81,395			(11)	690	\$0.00	\$0
First 1,500	570,401	0	570,401	(195)	81,200	\$8.00000	\$649,601
Next 2,500	136,470	0	136,470	3,229	573,630	\$0.8918	\$511,564
Next 5,000	2,401	0	2,401	(394)	136,076	\$0.8195	\$111,514
Over 9,000	0	0	0	0	2,401	\$0.5904	\$1,418
		0	0	0	0	\$0.2530	\$0
<b>Total Firm Ind Sales</b>	<b>709,273</b>	<b>0</b>	<b>709,273</b>	<b>2,835</b>	<b>712,108</b>		<b>\$ 1,274,097</b>
<b>Interruptible Industrial Sales</b>							
Bills	69						
First 1,500	67,557	0	67,557	(32)	37	\$300.00	\$11,100
Next 2,500	61,445	0	61,445	(37,850)	29,707	\$0.8034	\$23,867
Next 5,000	49,225	0	49,225	(22,000)	39,445	\$0.7382	\$29,118
Over 9,000	3,337	0	3,337	(6,000)	43,225	\$0.5319	\$22,991
		0	0	0	3,337	\$0.2280	\$761
<b>Total Interruptible Ind Sales</b>	<b>181,563</b>	<b>0</b>	<b>181,563</b>	<b>(65,850)</b>	<b>115,713</b>		<b>\$ 87,837</b>



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Item 1 of 9-18-2003 request - DT's.xls

**SUMMARY**

	American	Bellevue	Blakelord	Cam	Columbus	KAB	Lipman	Mt. Juliet	Orchid	Target	Valley	Total
Jan-02	7887	2199	11775	324	6115	11439	9678	7657	3198	1755	7117	69145
Feb-02	5052	1577	9530	4273	5543	8695	6758	4552	2002	1919	4273	54175
Mar-02	4663	1911	8779	3501	5553	8342	5760	4248	1482	2021	3949	50208
Apr-02	2507	971	7420	2246	5024	2218	2653	1562	120	917	2267	27906
May-02	37	121	2786	28	3498	624	559	168	205	305	651	8982
Jun-02	28	103	3469	0	5119	271	0	103	551	75	84	9801
Jul-02	19	75	2606	0	3620	223	9	102	315	9	56	7033
Aug-02	0	65	2234	0	3671	0	0	139	0	9	28	6146
Sep-02	0	0	0	0	0	0	0	0	0	19	0	19
Oct-02	0	0	0	0	0	0	0	0	0	0	0	0
Nov-02	0	0	0	0	0	0	0	0	0	0	0	0
Dec-02	0	0	0	0	0	0	0	0	0	0	0	0
Total-Therms	20193	7022	48598	10373	38143	31812	25417	18530	7874	7029	18425	233415
Total - DT Underbilled	2019	702	4860	1037	3814	3181	2542	1853	787	703	1843	23342